

## NZX RELEASE

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### Q1 Conversion Project Update

Channel Infrastructure (CHI), New Zealand's largest fuel import terminal business based at Marsden Point in Northland, has today released its inaugural quarterly conversion project update for the three months ended 31 March 2022 (Q1 FY22).

Channel Infrastructure commenced operations as a dedicated fuels import terminal business on 1 April 2022. Over the next 12 months work will be undertaken to decommission the refinery, transition the workforce and commission the contracted private storage, and these quarterly updates will provide an update on progress.

Key conversion project highlights for Q1 FY22 include:

- Completed refinery shutdown safety and to plan, despite challenges of COVID in the community
- Successfully commenced import terminal operations on 1 April 2022
- Intensive on-going programme of transition support for our workforce
- Conversion costs tracking to plan, with \$20 million spent to 31 March 2022

CEO Naomi James said "Following the safe shutdown of the refinery and completion of a number of conversion projects, we have successfully commenced operation of New Zealand's largest fuel import terminal at Marsden Point. Our conversion project and private storage projects remain on-plan and to budget."

Refining NZ completed the shutdown of its refinery in late March safely and to plan, despite the challenges of operating with COVID in the community. The shutdown was completed with continued excellent safety performance with no Tier 1 or Tier 2 process safety incidents and one recordable personal safety incident (our first lost time injury in over two years). Following the successful completion of a number of conversion projects, including fuel additive dosing facilities and linework modifications for imports, Channel Infrastructure began operations as a dedicated fuels import terminal on 1 April 2022. The long-term Terminal Services Agreements with customers bp, Mobil and Z Energy also commenced on 1 April 2022. Channel Infrastructure has successfully received fuel from three vessels since that time.

Following the shutdown of the refinery, two months of intensive site works to decommission refinery assets which include steaming and chemical decontamination of the refining plant, catalyst removal, and flushing and draining of plant and linework has now commenced. These 24/7 decommissioning activities are expected to complete around the end of May, with decommissioning activities continuing as day-works following that time. Private storage tanks not requiring conversion work are already in operation, while a range of works are planned or underway to bring other private storage tanks into operation with commissioning scheduled through 2022 and H1 2023.

The refinery workforce transition will occur progressively over the coming year, as transition and decommissioning work is completed. Focused on supporting people through this major transition, Channel Infrastructure has committed to and set a target, as outlined in our Sustainability Report released last week,



to have at least 90% of employees who are seeking new employment find new roles or be retraining within six months. An intensive programme of transition support is now well underway with personal transition plans, career counselling, access to training and development and support to find new jobs.

Conversion costs are tracking to plan (\$200-220 million of conversion costs and \$45-50 million for private storage over 5-6 years), with \$20 million spent to 31 March 2022. Net Borrowings reduced \$11 million from year-end to \$173 million as at 31 March 2022 reflecting the sale of carbon units, above fee floor processing income and lower refinery maintenance spend.

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## **About Channel Infrastructure NZ**

Channel Infrastructure is New Zealand's leading fuel infrastructure company.

Channel Infrastructure owns critical infrastructure, supplying the Northland and Auckland markets, which make up 40% of New Zealand's fuel demand and all of the jet fuel to the Auckland International Airport. Utilising the deep-water harbour and jetty infrastructure at Marsden Point, as well as 280 million litres of storage tanks, and the 170-kilometre pipeline from Marsden Point to Auckland we receive, store, test and distribute fuel owned by our customers. Channel Infrastructure's wholly-owned subsidiary, Independent Petroleum Laboratories, provides quality fuel testing services at Marsden Point and around New Zealand.

Channel Infrastructure is well positioned to support New Zealand's changing future fuel needs, with growth opportunities at the Marsden Point site including additional fuel storage to support fuel security, renewable electricity supply through the Maranga Ra solar project, and work underway with customers and partners on biofuel and hydrogen opportunities.

For more information on Channel Infrastructure, please visit: [www.channelnz.com](http://www.channelnz.com)